

**THE METROHEALTH SYSTEM
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
REGULAR MEETING MINUTES**

DATE: Wednesday, June 13, 2018

TIME: 2:00 to 4:00 p.m.

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald, Mr. Schneider and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Dee, Ms. Whiting

STAFF: K. Blessinger, A. Boutros, MD, M. Hsu, M. Phillips, C. Richmond, C. Forino Wahl

GUESTS: R. Barre, J. Mylen (KPMG), J. Croy (via phone RSM)

Mr. Schneider called the meeting of the Audit and Compliance Committee to order at 2:00 p.m. Please note that minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. The minutes of the regular Audit and Compliance Committee meeting held on March 21, 2018 were approved as presented.

II. INFORMATION ITEMS

Mr. Schneider introduced Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer who provided an update of the second quarter compliance program activities. Ms. Wahl stated the Compliance Program goals for 2018 will focus on people, process and technology. She reviewed the progress and described changes that have occurred in each of these areas. In addition, the department is rebuilding and expanding the ethics and compliance team, some of the general goals include building skills and expertise of the team and defining roles and responsibilities. Also, a new compliance hotline service is being implemented. Ms. Wahl mentioned that the restructure of the MetroHealth Compliance Committee is proceeding well. Each department representative has established a monitoring and educational goal that address regulatory risk. This effort has been coordinated with Internal Audit to improve internal controls, mitigate risk and integrate compliance monitoring throughout operational areas. Ms. Wahl also noted the Ethics and Compliance Department has developed a new Code of Conduct, "*This is Who We Are*, Our Culture of Ethics and Compliance". As part of developing the Code, the Ethics and Compliance team identified applicable policies and revised policies to ensure MetroHealth policies were in alignment with the new Code. Every employee will receive a copy at the 2018 annual compliance training.

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit and provided the committee with the Internal Audit update for the second quarter of 2018. Mr. Mylen introduced Robin Barre KPMG, Director, who joined the Internal Audit team. Mr. Mylen and Ms. Barre provided an update of the 2018 Internal Audit Plan and an overview of the accomplishments and goals for the second quarter. Mr. Mylen stated there were five audits completed during the quarter and eleven audits are currently in process based on the internal audit

plan. Analytics continue to be incorporated within the internal audit procedures which provides the ability to evaluate the whole population, rather than only a sample. Mr. Mylen shared two examples of how analytics are being used to monitor risk related to segregation of duties within the financial systems and the payroll process. Mr. Mylen also mentioned that the Joint Risk Assessment meetings have recently been completed with the Ethics and Compliance team. Ms. Barre stated that an internal audit landing page has been developed for the MetroHealth Information Village to provide updates to employees relative to the internal audit department and procedures which will go-live in the third quarter. Internal audit has partnered with management to identify and develop a process to evaluate risks related to third-party service providers. The process will include an evaluation of controls in place to govern third parties that have access to financially relevant data, Protected Health Information and Personally Identifiable Information

Craig Richmond, Executive Vice President, Chief Financial Officer introduced John Croy, RSM Senior Director and National Leader of Construction Advisory Services, who provided an update on the construction cost review services currently being performed by RSM. Mr. Croy indicated that the Critical Care Pavilion project is in the close-out stage as in final invoice in pencil draw stage (draft invoice). The final payment is being submitted and will be reviewed to address subcontractor close outs. In addition, the Transformation Project construction cost review activities continue to include monthly reviews of the third parties participating in the project and an interim on-site review of the parking garage was conducted.

Mr. Richmond introduced Michael Hsu, Senior Director Information Technology Operations, who provided a Cyber Security Program update focused on the on-going importance of a cyber security program and culture. Mr. Hsu indicated the most recent email phishing tests showed an increase in the number of failed users. Additional training and education is being identified to help reduce the failure rate and bring greater awareness to the user base. Mr. Hsu mentioned that KPMG has been engaged to perform a HIPAA Risk and Cyber Program Risk Assessment beginning in July to evaluate risks associated with HIPAA information and the maturity of our Cyber program. Recommendations will be provided to further mitigate risks and continue to strengthen the control environment.

A motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 4:06 p.m.

III. NON-CONSENT /ACTION ITEMS

A. No items at this time

IV. CONSENT ITEMS

A. A Recommendation to The MetroHealth System Board of Trustees for the Approval of the Code of Conduct

The Committee unanimously approved the recommendation for full Board action.

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There being no further business to bring before the Committee, the meeting was adjourned at 4:10 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Craig Richmond', with a large, stylized 'C' and 'R'.

Craig Richmond
Executive Vice President and
Chief Financial Officer